



**Auditor of State
Betty Montgomery**

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

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**Auditor of State
Betty Montgomery**

Warren County Family & Children First Council
Warren County
416 South East Street
Lebanon, Ohio 45036

To the Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 10, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Warren County Family & Children First Council
Warren County
416 South East Street
Lebanon, Ohio 45036

To the Council:

We have audited the accompanying financial statements of Warren County Family & Children First Council, Warren County, Ohio (the Council), as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Council has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004 the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Council has elected not to reformat its statements. Since this Council does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2005 or 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Warren County Family and Children's First Council, Warren County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Council to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2006, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

August 10, 2006

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum) (Only)</u>
Cash Receipts:			
Intergovernmental	\$20,000	\$469,788	\$489,788
Local Agency Contributions	<u>9,890</u>	<u>60</u>	<u>9,950</u>
 Total Cash Receipts	 <u>29,890</u>	 <u>469,848</u>	 <u>499,738</u>
 Cash Disbursements:			
Purchase Services/Administrative	24,028	0	24,028
Purchased Services/Other Agencies	0	470,785	470,785
Fiscal Accounting	4,740	0	4,740
General Operating Expenses	682	0	682
Refunds	<u>0</u>	<u>457</u>	<u>457</u>
 Total Cash Disbursements	 <u>29,450</u>	 <u>471,242</u>	 <u>500,692</u>
 Other Financing Disbursements:			
Payment to Warren County MRDD	<u>0</u>	<u>(117,971)</u>	<u>(117,971)</u>
 Total Other Financing Disbursements:	 <u>0</u>	 <u>(117,971)</u>	 <u>(117,971)</u>
 Total Receipts Over/(Under) Disbursements:	 440	 (119,365)	 (118,925)
 Fund Cash Balances, January 1	 <u>22,261</u>	 <u>189,194</u>	 <u>211,455</u>
 Fund Cash Balances, December 31	 <u><u>\$22,701</u></u>	 <u><u>\$69,829</u></u>	 <u><u>\$92,530</u></u>

The notes to the financial statement are an integral part of this statement.

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum) (Only)</u>
Cash Receipts:			
Intergovernmental	\$18,800	\$326,835	\$345,635
Local Agency Contributions	5,028	394,563	399,591
Other Receipts	0	18,827	18,827
	<u>23,828</u>	<u>740,225</u>	<u>764,053</u>
Total Cash Receipts	<u>23,828</u>	<u>740,225</u>	<u>764,053</u>
Cash Disbursements:			
Purchase Services/Administrative	19,077	23,291	42,368
Purchased Services/Other Agencies	3,222	816,607	819,829
Fiscal Accounting	1,560	0	1,560
General Operating Expenses	1,532	0	1,532
Refunds	250	5,529	5,779
	<u>25,641</u>	<u>845,427</u>	<u>871,068</u>
Total Cash Disbursements	<u>25,641</u>	<u>845,427</u>	<u>871,068</u>
Total Receipts Over/(Under) Disbursements	<u>(1,813)</u>	<u>(105,202)</u>	<u>(107,015)</u>
Fund Cash Balances, January 1	<u>123,333</u>	<u>195,137</u>	<u>318,470</u>
Fund Cash Balances, December 31	<u><u>\$121,520</u></u>	<u><u>\$89,935</u></u>	<u><u>\$211,455</u></u>

The notes to the financial statement are an integral part of this statement.

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37, Revised Code, created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children first councils. For the years ended December 31, 2005 and 2004, the Warren County Family and Children First Council, Warren County, Ohio (the Council), was an agency fund of Warren County, Ohio. Statutory membership of a county council consists of the following individuals:

- a. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of human services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code;
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. The county's juvenile court judge senior in service;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the largest city in the county;
- j. The chair of the board of county commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code;
- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986";
- n. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership.

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A county family and children first council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the council.

A county council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Education of the Handicapped Act Amendments of 1986";
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

The Council's management believes these financial statements present all activities for which the Council is financially accountable.

Council Membership

The County's Council membership included Children's Services, Board of Alcohol & Drug Addiction Services, Board of Mental Health, Board of Mental Retardation and Developmental Disabilities, Board of County Commissioners, Juvenile Court, Department of Job & Family Services, family representatives, and the educational community. The purpose of the Family & Children First Council is to identify ways in which the child serving systems can provide services to the community in the most efficient and effective manner. A Council Coordinator has been hired to administer all of the Family & Children First programs. Because these programs affect all of the agencies within the Council membership, the salary of this employee is paid from a Collaborative Fee agreement derived from the agencies in the County. The salary of this employee is paid from the State Administrative grant received by the Council and contributions made by each of the Council agencies in the County.

Administrative Council

The Administrative Council is a governing and policy making body. The Council is responsible for determining the need for staff positions pursuant to established goals, objectives, and policy statements. This committee is responsible for the creation of all standing committees and task groups of the Council.

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

The Council uses fund accounting to segregate cash that is restricted as to use. The Council classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. All expenditures are made in accordance with an annual budget approved by the administrative body of the Council.

2. Special Revenue Funds

These funds were used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. During the period ending December 31, 2005 and 2004, the following programs were awarded to the Council: Service Coordination Grant, Ohio Wellness Block Grant, TANF, Comprehensive Strategies/Partnerships for Success, and Help Me Grow.

D. Fiscal Agent

The Warren County Children's Services Board became the Council's administrative agent on April 1, 2000. The Warren County Auditor, the Council's fiscal agent, maintains Council funds in a separate Agency fund.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually. The Council must file the budget with the Warren County Auditor, the Council's fiscal agent. The estimated expenditures are approved per grant.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. EQUITY IN POOLED CASH

The Council's cash pool is maintained by the Warren County Auditor, its fiscal agent. The Ohio Revised Code prescribes allowable deposits and investments, and the Warren County Auditor is responsible for meeting compliance. The Council's carrying amounts of cash on deposit with the Warren County Auditor at December 31, 2005 and 2004 was \$92,530 and \$211,455, respectively.

The Warren County Auditor, as the fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the Council's pooled cash and depository accounts.

3. RISK MANAGEMENT

The Council is covered under the Warren County Auditor's insurance policy.

4. PAYMENT TO WARREN COUNTY MRDD

As of January 1, 2005, Warren County MRDD took over administration of the Pooled Funds per the Shared Funding Agreements and Warren County Family and Children First Council. The Council will no longer act as administrative agent for these funds, as Warren County MRDD has been selected to take over the administration of these funds. Therefore, the remaining fund amount of \$117,971 was transferred to the Warren County MRDD.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Family & Children First Council
Warren County
416 South East Street
Lebanon, Ohio 45036

To the Council:

We have audited the financial statements of the Family & Children First Council, Warren County, Ohio (the Council), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Council's management dated August 10, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Government's management dated August 10, 2006, we reported a matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 10, 2006

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-001	Reportable Condition- Reconciliations between council and county auditor.	Yes	



**Auditor of State
Betty Montgomery**

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WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL

WARREN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 12, 2006**